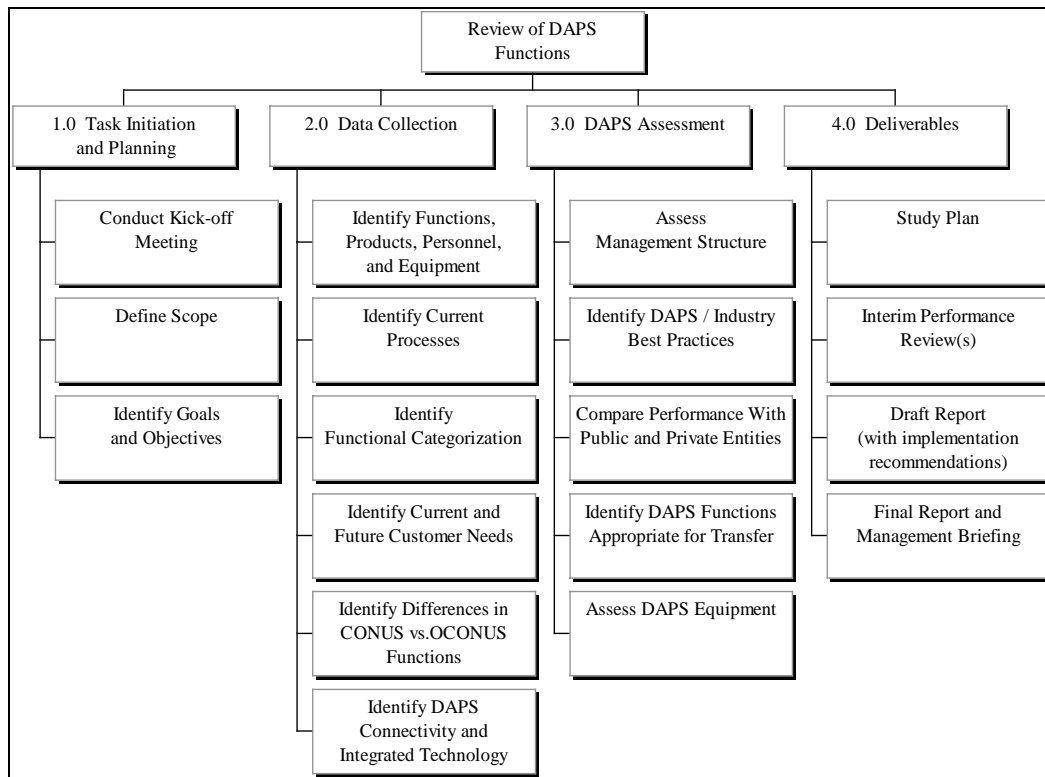


SECTION 3: METHODOLOGY

As stated in Section 2, the objective of this review was to define and analyze the functions performed by DAPS with the results of the analysis being used to support the DoD in responding to Section 350 of Public Law 105-261. Exhibit 3-1 depicts the Work Breakdown Structure (WBS) established at the commencement of the task.

Exhibit 3-1, DAPS Functional Review Work Breakdown Structure



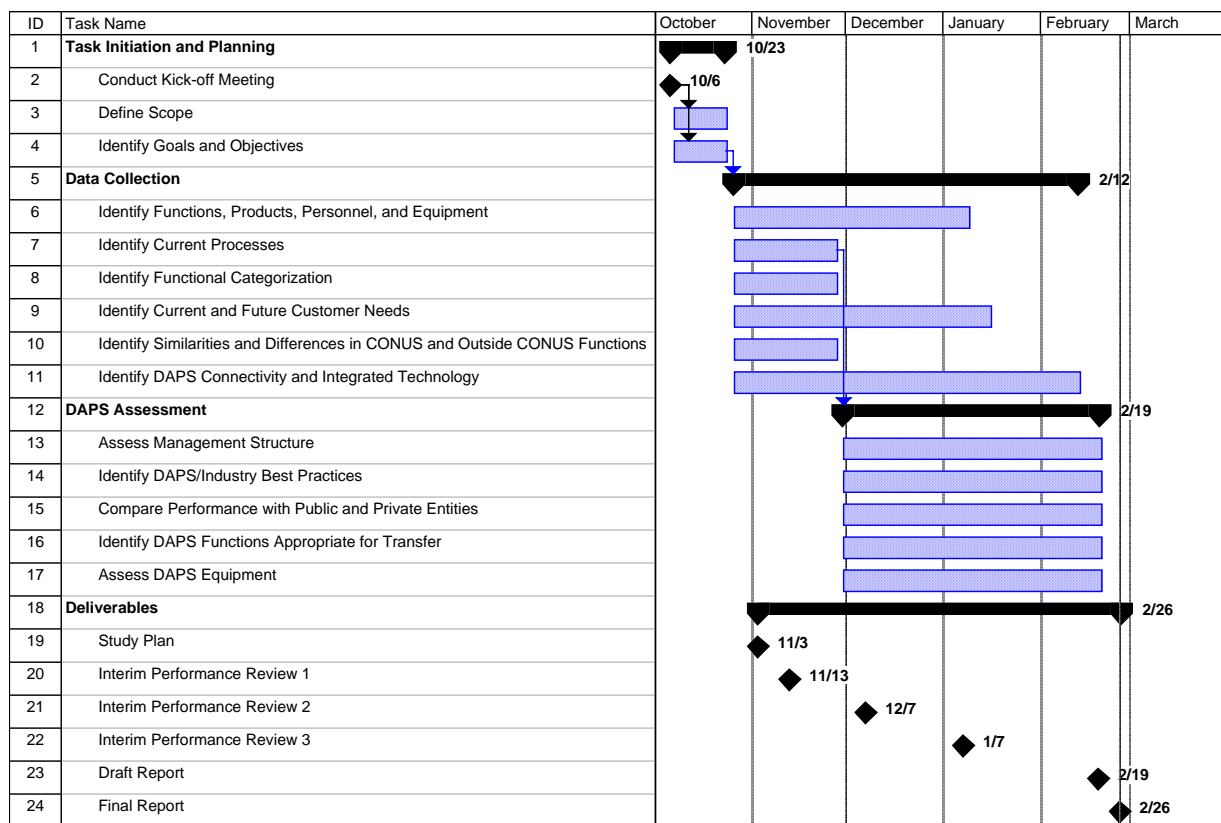
Throughout this task, KPMG worked closely with the DLA-sponsored Executive Steering Group (ESG). The ESG was chaired by the Executive Director of the Resource, Planning, and Performance Directorate within the Defense Logistics Support Command. Other members were from the office of OSD Director of Administration and DLA offices of General Counsel, Human Resources, Congressional and Public Affairs, and Defense Automated Printing and Support Center. Responsibilities of the ESG included:

- providing guidance to KPMG regarding the intent and meaning of specific taskings in the Congressional language
- directing the review process
- monitoring study progress to ensure all requirements of the directed review were addressed
- scheduling in-process reviews as necessary

- ensuring the independence, objectivity, and impartiality of the review process
- ensuring the study was completed and provided to appropriate DoD offices for review in sufficient time to meet the statutory time line

The study was initially scheduled to take four months to complete due to the time constraints set forth by the congressional legislation. This schedule was subsequently changed, and completion date was extended for an additional month, to allow additional input from industry participants. Exhibit 3-2 illustrates the revised work schedule and task duration of this effort.

Exhibit 3-2, Revised Task Schedule



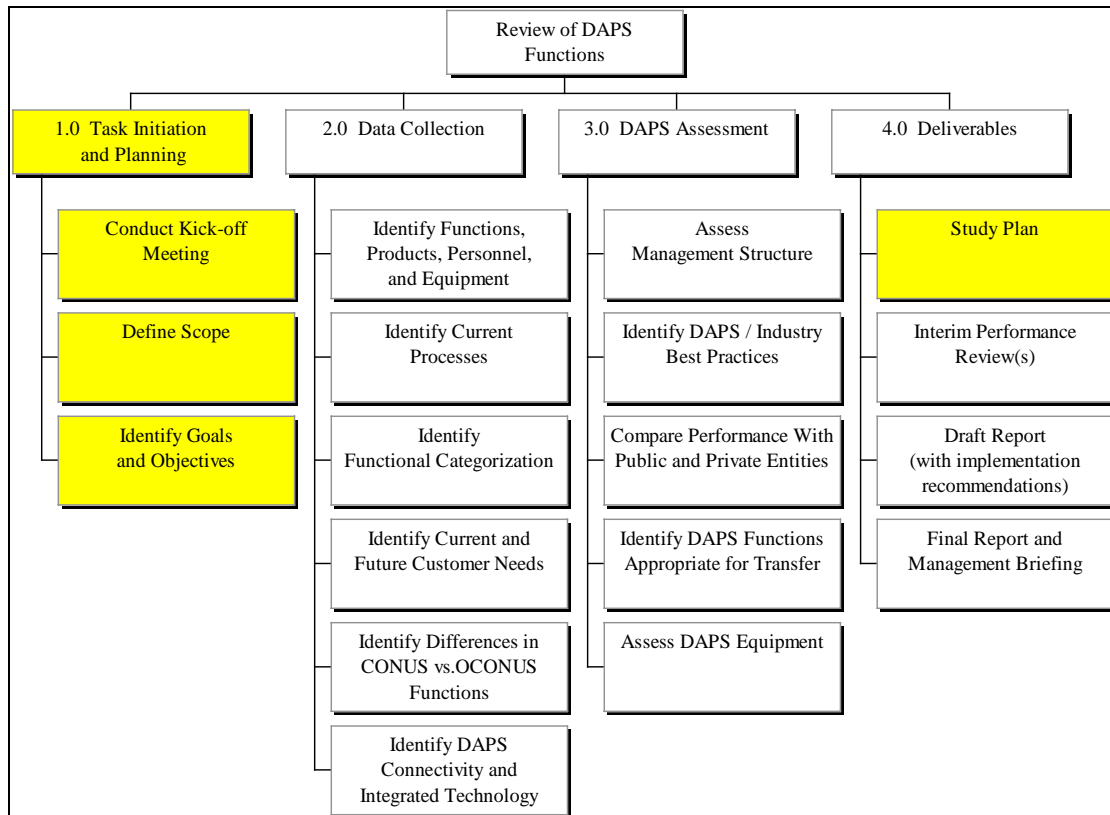
This schedule did not allow for a detailed analysis of each DAPS function. For this reason KPMG concentrated its effort on the largest business areas within DAPS. KPMG used DAPS reported FY98 financial data to identify these business areas.

Task Initiation and Planning

At the commencement of this task, KPMG held a kick-off meeting with the ESG to clarify objectives, requirements, and expectations. The kick-off meeting ensured a common understanding of the objectives, scope, and approach and established the foundation for the scheduled tasks and proposed deliverables. The outcome of the kickoff meeting was an approved study plan which incorporated guidance given during the kick-off meeting, as well as

direction provided by Public Law 105-261. The boxes shaded in light gray in Exhibit 3-3 depict the WBS elements completed during the Task Initiation and Planning phase of the review.

Exhibit 3-3, WBS Elements Completed during the Task Initiation and Planning Process



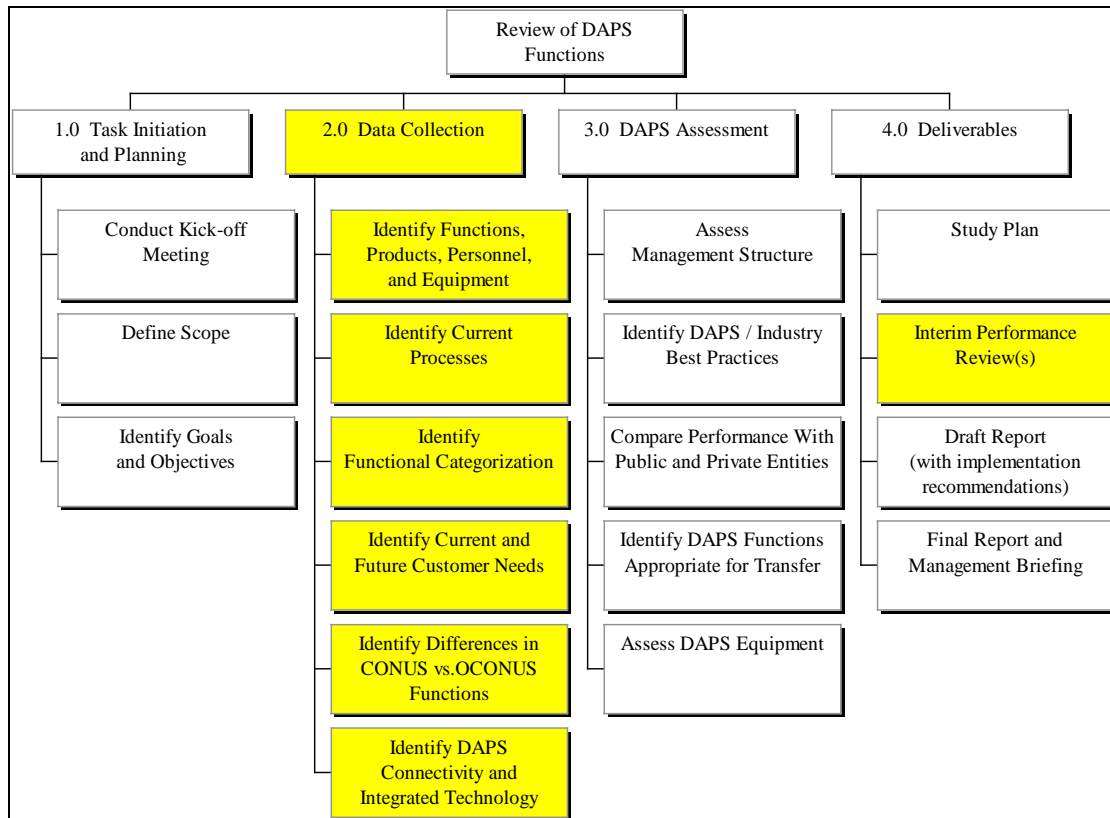
Data Collection

Following project kick-off, KPMG began collecting data from DAPS representatives and customers to support an assessment of the DAPS organization. During this phase of the review, KPMG met with senior DAPS representatives, including the Director of the Defense Automated Printing and Support Center (DAPSC), the DAPS Chief Operating Officer, the Directors of Corporate Resources, Business Management, and Business Development, as well as the four Regional Business Team Directors. KPMG also visited over 30 DAPS field sites within and outside of the continental United States to gain a better understanding of DAPS operations.

An additional element of the data collection process was the development of a survey to be completed by DAPS customers. The survey targeted DAPS most significant customers in terms of revenue to DAPS. The objective of the survey was to provide added insight into the current and future requirements of DAPS customers.

The boxes shaded in light gray in Exhibit 3-4 depict the WBS elements completed during the Data Collection phase of the review.

Exhibit 3-4, WBS Elements Completed during Data Collection Phase



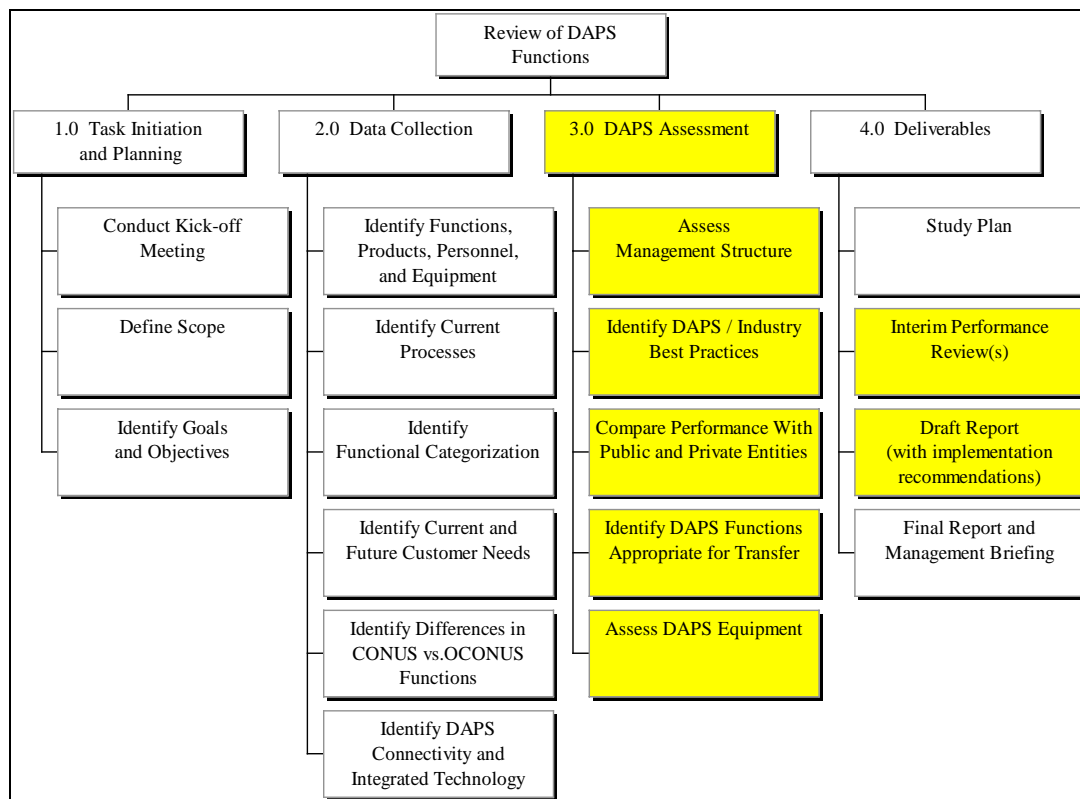
Using the information gathered during interviews and site visits, KPMG developed a baseline of the DAPS organization. KPMG then selected several Government and commercial entities in the fields of printing and document management to perform initial consultative interviews. The goal of these interviews was to gather input on KPMG’s approach to the study from experienced and knowledgeable people in the fields of printing and document management. The additional insight provided by these entities supported the development of a baseline of comparison (including cost, quality, and timelines factors) between DAPS performance and the performance of other entities. After independently establishing the units of comparison with input from DAPS, the Government Printing Office (GPO) and other commercial entities, KPMG developed a survey to be completed by GPO and the commercial entities. The completed surveys were designed to enable an “apples to apples” comparison of DAPS with other entities in the performance of DAPS primary functions.

DAPS Assessment

The final phase of the functional review was that of assessing the DAPS organization and analyzing DAPS performance of its key functions. Using the information gathered during the

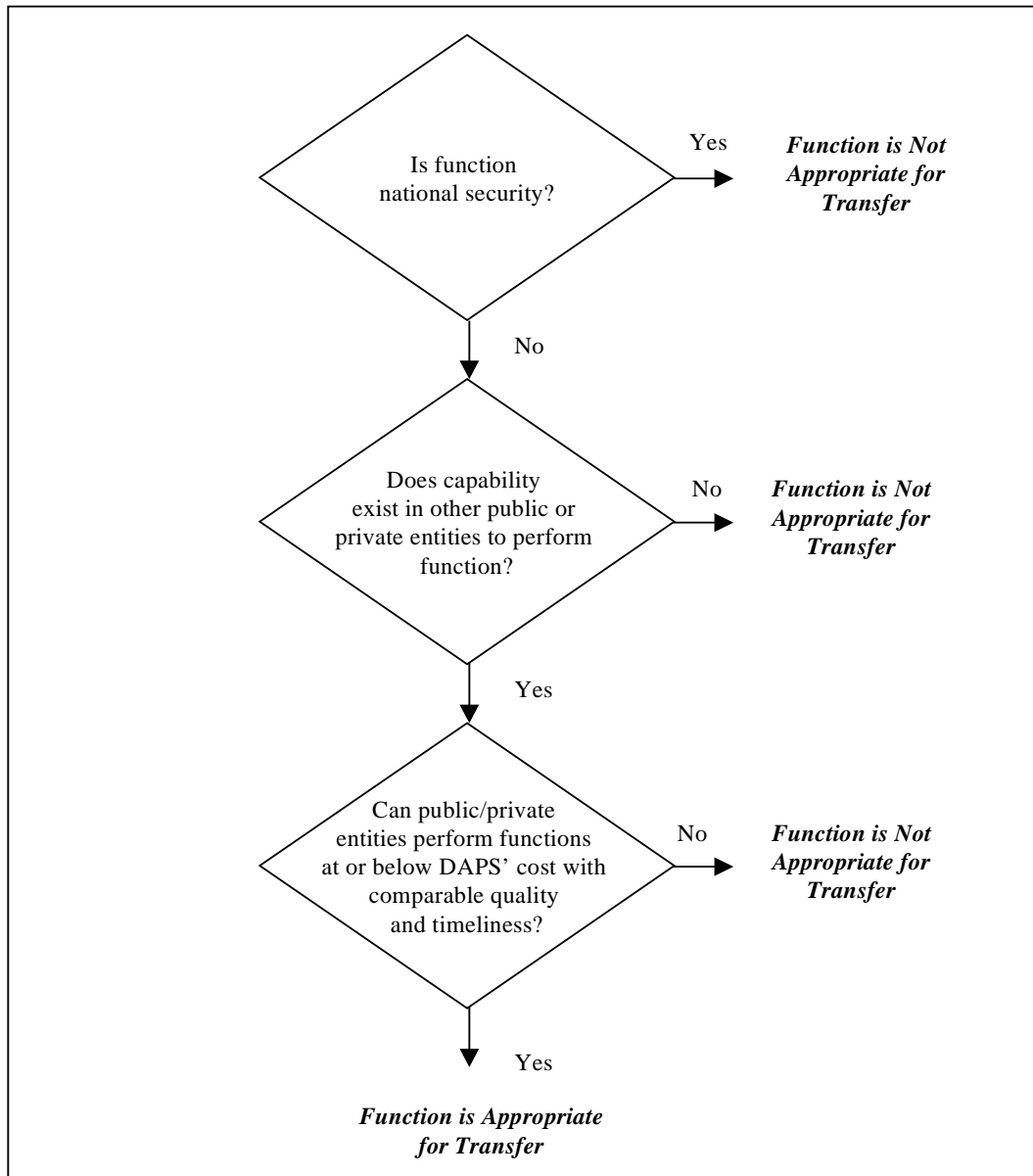
Data Collection phase of the task and the results of the DAPS customer survey and printing organization survey, KPMG compared DAPS performance with that of public and private entities and identified DAPS and industry best practices. The final step in the DAPS assessment was the identification of DAPS functions which are appropriate for transfer and the potential costs/savings associated with the transfer. The boxes shaded in light gray in Exhibit 3-5 depict the WBS elements completed during the DAPS Assessment phase of the review.

Exhibit 3-5, WBS Elements Completed during the DAPS Assessment Phase



In order to determine whether identified DAPS functions are appropriate for transfer, KPMG developed a decision process for making this assessment. A flowchart depicting this three step process is provided as Exhibit 3-6.

Exhibit 3-6, Flowchart for Assessing Which DAPS Functions are Appropriate for Transfer



As illustrated in the exhibit, the decision making process encompasses first determining which DAPS functions meet the criteria for national security as defined in the task Statement of Work. For those functions not deemed to be national security, KPMG assessed whether the capability exists in the public or private sector to perform the function. For those functions that were not national security and could be performed by public or private entities, KPMG performed a survey of public and private entities to determine whether these entities could perform the identified DAPS functions at or below DAPS costs with comparable quality and timeliness.